

## **CAPITAL PROGRAMMING CONSIDERATIONS**

### **BRIEFING PAPER**

Prepared for the  
October 2003 Transportation Commission Meeting

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### **PURPOSE:**

The 2003-05 Transportation Budget made some important changes in the Commission's role as a capital programming decision-maker in implementing the department's biennial appropriations. The purpose of this item is to review the new directions set by the legislature and the department's current view of how the Commission can and should communicate its expectations for the department's project delivery performance.

### **ACTION/OUTCOME:**

Information and discussion only. No formal action is expected or required.

### **BACKGROUND:**

In the past, following the enactment of the biennial transportation budget, an "operating book" (last presented in November, 2001, as the *Capital Improvement and Preservation Program*) would be prepared containing a listing of capital projects and their planned expenditure levels by phase that would be balanced to the legislature's appropriation categories. By approving this plan, the Commission exercised its responsibility to establish a specific program of projects and directed the project delivery agenda for the department.

The operating book each biennium was, for the most part, a reflection of a proposed project listing that would have been submitted to the legislature early in the budgeting process. It served, therefore, to confirm in general the legislature's expectation of the program's directions.

The final preparation of the operating book, however, invariably incorporated new details such as, for example:

- Projects added or deleted to reflect legislative policy as expressed in the budget provisos and/or budget notes,
- Known changes to individual project expenditure plans arising from progress in design and/or construction. These changes, in some cases, included significant

adjustments that affected critical start or completion dates. Others were administrative and/or expenditure timing updates within a broader project schedule resulting in little or no impact.

- Work-in-progress adjustments were made to many projects as actual project expenditures from the previous biennium were incorporated.

Furthermore, during the course of the biennium, the Commission would approve when necessary adjustments to the operating book projects dictated by the circumstances of funding availability – sometimes adding, sometimes deleting, and sometimes adjusting projects and their phase-by-phase expenditure plans.

## **DISCUSSION:**

The legislature's 2003-05 Transportation Budget provides funding for various phases of over 1,000 separate capital projects. The appropriations were made by program category both for projects to be funded from pre-existing revenue sources (the old "current law" concept) as well as from the newly-enacted funding sources that, for the most part, the legislature specifically directed into segregated accounts. The legislature also drew up specific expenditure amounts and schedules for specific projects, referencing these instructions in the 2003-2005 Transportation Budget (ESHB 1163) and transmitting them to the Legislative Evaluation and Accountability Program Committee (LEAP).<sup>1</sup>

The 2003-2005 Transportation Budget containing the appropriations and referencing project-by-project expenditure amounts and schedules is silent on a role for the Commission or the department in adjusting these threshold expectations as the actual circumstances of project delivery proceeds through the course of the biennium.

There seems to be little question that the real-world delivery of a program of over 1000 capital projects must require a certain administrative flexibility – at least if, as the legislature surely intended, full and efficient use of taxpayers' fund is to be achieved. One project will run a little behind the cash flow plan; another will run a little ahead. One project will encounter an unexpected obstacle; another will present an unexpected opportunity.

On the other hand, the legislature's new approach in structuring the appropriations and referencing the project lists is a clear signal. It appears that the scope of any deviations must be constrained solely to those that are absolutely required to deliver the program as envisioned by the legislature.

WSDOT promptly began addressing these issues in the "Beige Pages" in the June 2003 edition of the *Gray Notebook*. The report distinguished between several projects adjustments that seemed to fit under the rubric of administrative accommodations and a smaller but prominent category of project delivery issues on which further legislative guidance seemed necessary.

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<sup>1</sup> The lists can be found on the LEAP web site at:  
[http://leap.leg.wa.gov/leap/Budget/Detail/2003/st0305projlist\\_0427.pdf](http://leap.leg.wa.gov/leap/Budget/Detail/2003/st0305projlist_0427.pdf)

Since the *Gray Notebook* accountability presentation two months ago, the department has continued its project-by-project review attempting to describe and account for all the elements that will make up, in effect, a new form of the old operating book. The department has taken great care not to include project adjustments that would seem contradictory to the fundamental legislative instruction and therefore would clearly necessitate further legislative attention. For the other adjustments that can be considered administrative accommodations, a listing is being prepared that can and should serve as the department's project delivery charter for its accountability to the Commission and ultimately to the legislature and taxpayers.

The report that embodies this discussion is currently in preparation by departmental engineering, finance and program management staff. It is expected that it will be presented for discussion at the Commission's meeting. The outcome of this discussion should anchor the project delivery and accountability expectations for the 2003-2005 program.

## **OUTCOME**

No action is required. However, the Commission's questions and comments on these topics will make an important contribution to the commitment to accountability and project delivery that is held both by the Commission and the department.

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